Ampney Crucis Parish Council

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Investment and Reserves Policy

Adopted: 9th July 2026
Reviewed:
Next Review Due: July 2027

1. Purpose

This policy sets out how the Council manages its **reserves** and **investments** to ensure:

- Adequate financial resilience and flexibility;
- Compliance with legislation and statutory guidance;
- Transparency and accountability in financial management;
- Security of public money entrusted to the Council.

2. Legal and Regulatory Framework

This policy is based on:

- The Local Government Finance Act 1992 (duty to set a balanced budget);
- The Local Government Act 2003, Section 15(1)(a) (duty to have regard to Investment Guidance);
- Statutory Guidance on Local Government Investments (DLUHC, 2018 as updated);
- The Practitioners' Guide 2025 (proper practices for reserves and investments);
- NALC Model Financial Regulations 2025.

3. Types of Reserves

The Council maintains three categories of reserves:

a) General Reserve

- A working balance to cushion the impact of uneven cashflows or unexpected events.
- Benchmark level: normally between 3 and 12 months of net revenue expenditure, proportionate to the size and risk profile of the Council.

b) Earmarked Reserves (EMRs)

- Funds set aside for specific purposes (e.g. elections, asset replacement, projects, staff training, legal costs).
- Created and spent by Council resolution.

- Reviewed at least annually as part of the budget process.

c) Restricted Reserves

- Funds that must be spent only on specified purposes by law or regulation (e.g. Community Infrastructure Levy, Section 106 funds, grants received for a particular project).
- These cannot be transferred or used for other purposes.

4. Principles of Reserve Management

- The Responsible Financial Officer (RFO) will advise annually on the appropriate level of reserves, considering risks and medium-term financial planning.
- Reserves may only be used with the formal approval of full Council.
- If reserves fall below the agreed benchmark, the Council will plan to rebuild them within a reasonable timeframe.
- All reserve movements (creation, use, transfers) will be reported in the Council's budget monitoring and year-end accounts.

5. Investment Objectives

When the Council has funds beyond immediate operational needs and agreed reserves, it will invest in accordance with three priorities, in order:

1. **Security** – protecting the capital sum.
2. **Liquidity** – ensuring funds are accessible when needed.
3. **Yield** – obtaining the best rate of return consistent with the above.

6. Approved Investment Instruments

- **Specified Investments**: Sterling deposits with UK banks, building societies, or the Debt Management Office, repayable within 12 months.
- **Non-Specified Investments**: Longer-term deposits or other instruments may be considered only where the Council has formally approved the associated risks and taken appropriate advice.
- **No high-risk or speculative investments** (e.g. shares, derivatives, cryptoassets) will be permitted.

7. Diversification and Risk Management

- Total exposure to any one institution (other than the Government) will not normally exceed the Financial Services Compensation Scheme (FSCS) limit.

- Where practical, funds will be spread across more than one counterparty to reduce risk.
- Credit ratings and counterparties will be reviewed annually by the RFO.

8. Governance and Delegation

- The RFO will manage day-to-day transactions within the framework of this policy.
- All investment decisions, creation of new reserves, or use of reserves require approval by full Council.
- The Council will record such decisions in minutes and publish them where required by transparency rules.

9. Monitoring and Reporting

- Reserve balances and movements will be reported at least quarterly to Council.
- Investment performance and counterparties will be reviewed annually by the RFO and reported to Council.
- The Council will publish details of its reserves and investments in the annual accounts and AGAR.

10. Review of Policy

This policy will be reviewed annually as part of the budget process and updated where necessary in line with legislation, guidance, and the Council's financial circumstances.

Signed: _____Jacky Leadbeater_____
Deputy Chair of the Council

Signed: ____Roz Morton_____
Clerk/Responsible Financial Officer

Date: _____

Review Due: July 2027